

Stateline Midwest

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MLC Annual Meeting Edition

THE MIDWESTERN OFFICE OF THE COUNCIL OF STATE GOVERNMENTS

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Challenge of upholding legislative civility

Mix of timeless moral forces, recent polarization trends interacting to pull good people apart, Haidt says

by Tim Anderson (tanderson@csg.org)

An 1895 article in *The New York Times* described the tense and chaotic scene this way:

"Revolvers were flourished and blows struck with such articles of furniture as the combatants could lay hands on conveniently."

The place where the mayhem broke out? The floor of the Indiana House of Representatives — after a dispute over a gubernatorial veto.

This historical anecdote, told by political scientist Peverill Squire during a keynote session in July at this year's Midwestern Legislative Conference Annual Meeting, was a reminder that political passions and partisan strife are not new phenomena.

They are, in fact, an inescapable part of American legislatures — and have had to be balanced by agreed-upon rules of conduct, an adherence to formal procedures and, perhaps most important, a commitment by members to forge trusting relationships.

"When you don't have friends on the other side, it's easier to dismiss them," said Jonathan Haidt, a moral psychologist and author of the highly renowned book "The Righteous Mind: Why Good People are Divided by Politics and Religion."

Less warmth and trust among us

In his keynote address, Haidt described civility this way: "The ability to disagree with others while respecting their sincerity and decency."

More than in any other political era of the recent past, he added, our nation's ability to maintain a healthy level of civility is at risk.

One factor is a rise in political polarization.

This increased polarization has perhaps occurred most notably in the U.S. Congress, where studies of voting records show that the two main political parties have become more ideologically distant from one another.

Recent studies of state legislatures show similar patterns; in fact, polarization is actually greater in many state legislatures — includ-

Thank you to MLC meeting participants and contributors

The Midwestern Office of The Council of State Governments would like to thank the legislators and contributors who made the 2013 MLC Annual Meeting in Minnesota a success.

Minnesota Rep. Alice Hausman, chair of the Midwestern Legislative Conference, and her colleagues in the Minnesota Legislature led planning efforts for the four-day event, which took place in July.

This edition of *Stateline Midwest* highlights policy sessions and MLC committee meetings held during the conference, as well as actions taken by the region's legislators. Information on the meeting, including speaker presentations, is available at www.csgmidwest.org.



"Polarization is not so bad. The problem is when the two parties are polarized, and that polarization perfectly matches moral divisions. Then it's not just that we're from different parties, but from different moral worlds."

Jonathan Haidt, moral psychologist

ing Iowa, Michigan, Minnesota, Ohio and Wisconsin in the Midwest — than in the U.S. Congress (see page 5 map).

This development in legislatures reflects broader trends in the electorate.

In the 1950s and 1960s, the percentage of people who felt "warmth" toward the opposing party hovered between 40 and 50 percent. Today, it is under 20 percent.

Many factors have been cited as causing the rise in polarization: closed primary systems, party realignment and "purifica-

tion," media fractionalization and the lack of a "common enemy" to rally the country behind. But during his keynote address, Haidt focused on a more timeless force — our moral minds.

"Polarization is not so bad," he said. "The problem is when the two parties are polarized, and that polarization perfectly matches moral divisions. Then it's not just that we're from different parties, but that we're from different moral worlds."

To understand how profound these

► PLEASE TURN TO PAGE 5



Moral psychologist Jonathan Haidt (right) leads a panel discussion on polarization and legislative civility at the Midwestern Legislative Conference Annual Meeting. On the panel (from left to right) were University of Missouri professor Peverill Squire, Wisconsin Assembly Minority Leader Peter Barca, former Michigan Speaker of the House Paul Hillegonds and University of Toronto professor Chris Cochrane.

In July, the five policy committees of the Midwestern Legislative Conference held meetings on the first day of the MLC Annual Meeting in St. Paul, Minn. This month's Issue Briefs section summarizes some of the issues discussed at those committee meetings.

Agriculture & Natural Resources

Lawmakers pledge greater state, provincial cooperation in battle against aquatic invasive species

If you are a boater on any of the Midwest's abundant water resources, you may have seen the signs or been told the rules: Inspect your boat, trailer and equipment; drain the water; and remove plants, animals or mud before getting out of a body of water.

The goal is to remove any invasive species that might be hitchhiking on boats or trailers.

Aquatic invasive species have long been recognized as a serious threat, costing the U.S. economy at least \$148 billion a year, according to a Cornell University study. They include plants such as salt cedar and Eurasian watermilfoil, invertebrates such as the zebra mussel, and fish such as Asian carp species.

State laws to control invasive species in the Midwest date back decades. In Iowa, for example, the state began by making it illegal to transfer Eurasian watermilfoil on public roads or to operate a watercraft with watermilfoil on it. The law was later amended and broadened to become the state's Aquatic Invasive Species Law.

State and provincial authorities across the Midwest fight invasive species through public outreach; surveys and monitoring; the destruction of populations; and watercraft inspections.

However, the most important goal is to prevent the introduction of species into areas where they currently do not exist.

"Eradication of existing populations is expensive and, in some cases, impossible," Kim Bogenschutz, coordinator of Iowa's aquatic invasive species program, told lawmakers who attended the Midwestern Legislative Conference Agriculture and Natural Resources Committee meeting in July.

To prevent introductions of these harmful species, several Midwestern states in recent years have taken new approaches: developing and updating state-specific prevention plans, stiffening fines for boaters who don't follow regulations, establishing regulatory programs for ballast water from ships (a leading source of species introductions in the Great Lakes), and expanding their lists of prohibited species.

Different revenue sources are used to fund invasive-species management — general-fund dollars in some instances, the use of boat-registration fees in others. There are also opportunities for federal funding assistance for state prevention and control plans.

And one way to make the most of limited financial resources is for states and provinces to work more closely together.

At their July meeting, members of the MLC committee agreed to seek a greater harmonization of the region's state and provincial laws on invasive species.



Indiana Rep. Bill Friend and Minnesota Rep. Rick Hansen preside over this year's meeting of the MLC Agriculture & Natural Resources Committee. They serve as the committee's co-chairs.

"While we may not be able to eradicate some of the invasive species, through working together across the region, hopefully we can limit their introduction between states and their further spread," said Minnesota Rep. Rick Hansen, co-chair of the committee.

That pledge of greater cooperation by the region's legislators came only a month after eight Great Lakes governors and two Canadian provincial premiers agreed to develop a "least wanted" invasive species list for the Great Lakes region.

The list will be used to help spur cooperative action across the basin — for example, prohibiting or restricting the transfer of certain species and developing regionwide early-detection and rapid-response plans.

Brief written by Carolyn Orr, staff liaison to the Midwestern Legislative Conference Agriculture and Natural Resources Committee. She can be reached at corr@sarl.us. The committee's co-chairs are Indiana Rep. Bill Friend and Minnesota Rep. Rick Hansen.

Health & Human Services

Iowa's mental health reforms discussed as possible example for other states in region

Before Iowa's mental health reform several years ago, people in the state were having trouble getting access to services.

Waiting lists were increasing, financing was inconsistent in the county-based system, and there was a discrepancy in the number of providers available in rural and urban areas.

What's more, veterans were returning from combat with brain injuries and post-traumatic stress disorder and were in need of assistance.

All of these factors meant that not enough people were getting access to necessary care, former Iowa Rep. Renee Schulte told legislators during a July session of the Midwestern Legislative Conference Health and Human Services Committee.

"I wish I could say that wasn't the case, but it was," Schulte said, adding that a similar lack of access likely occurs in many states' mental health systems.

As a legislator, she helped push through Iowa's



Minnesota Sen. Kathy Sheran makes a point as Iowa Rep. Joel Fry looks on during the July meeting of the MLC Health & Human Services Committee. Sheran and Fry, the committee's co-chairs, presided over this year's meeting.

mental health reform bill, SF 525, last year. She now works for the Iowa Department of Human Services to implement the law.

The goal of the Iowa legislation was to restructure service delivery and begin using updated best practices for services. Schulte pointed out, for example, that many states still use "legacy" services — types of treatment that have been offered for a long time but don't necessarily make

people better.

"These are things we used to do, but we don't know that they are actually helping people," she explained to legislators.

Iowa is now working to incorporate evidence-based practices supported by the federal Substance Abuse and Mental Health Services Administration into its core services.

Schulte also stressed the need to provide patients with options for their mental health care. For example, some individuals prefer meeting with a provider in a hospital; others are more comfortable in a smaller facility or individual practice.

Iowa, too, will soon offer a statewide crisis hot line 24 hours a day, seven days a week, with the goals of providing better care and avoiding emergency-room visits by patients who can't reach a mental health professional.

"For liability reasons, providers have to have a message that tells people that in the case of an emergency, they should go to the emergency room," she says. "And then we wonder why they go to the emergency room. Wouldn't it be nice if there was someone on the other end of [a phone line]?"

Brief written by Kate Tormey, CSG staff liaison to the Midwestern Legislative Conference Health and Human Services Committee. She can be reached at ktormey@csg.org. The committee's co-chairs are Iowa Rep. Joel Fry and Minnesota Sen. Kathy Sheran.

Economic Development

Researcher urges more scrutiny of business-tax incentives

When it comes to economic development, investment does not necessarily equal performance. This was one of the themes heard at the Midwestern Legislative Conference's Economic Development Committee meeting in July.

A topic of particular interest was the value of state business incentives. States spend up to \$80 billion on incentives in hopes of attracting or keeping businesses — and the jobs and economic activity that come with them.

But Peter Fisher, research director for the Iowa Policy Project and professor emeritus at the University of Iowa, cautioned that these incentives (such as tax cuts and credits) are often arbitrary and possibly unnecessary.

"The majority of location decisions are driven by something other than incentives," he told lawmakers who attended the meeting.

Other critical factors include the pool of skilled and qualified workers; the quality of schools and other local amenities; access to markets and suppliers; the quality of state and local government services; and other business costs (such as transportation, wages and energy).

According to Fisher, the goal of economic development policy should be to raise a state's overall standard of living — bringing higher income levels, lower poverty rates and greater economic security.

To the extent that business incentives do not do those



Nebraska Sen. Heath Mello, co-chair of the MLC Economic Development Committee, presides over the group's July meeting along with fellow co-chair Michigan Rep. Eileen Kowall (not pictured).

things, he said, policymakers should focus on other areas that have a greater impact on business and job growth.

"Tax cuts or tax incentives do not pay for themselves," Fisher said. "Cuts in [state] revenue from firms [that] get incentives but didn't need them will exceed the gains from any new investment induced by incentives."

He urged legislators to ensure that their states are maximizing the cost-effectiveness of taxpayer dollars. Part of that comes through state laws that call for a stringent cost-benefit analysis of incentive programs.

He also said states should take a more targeted approach — for example, focus on "footloose" economic sectors (those not constrained by location), businesses that offer quality jobs, and tax policies that make the state more inviting for high-growth, innovative firms.

Brief written by Laura Tomaka, staff liaison to the Midwestern Legislative Conference Economic Development Committee. She can be reached at ltomaka@csg.org. The committee's co-chairs are Michigan Rep. Eileen Kowall and Nebraska Sen. Heath Mello.

Education

Legislators finding promise in competency-based learning model

Picture a school system with no credits, no grades and no educational units.

And rather than graduating from high school after passing a certain number of courses over a set period of time, a student instead demonstrates proficiency in an agreed-upon set of skills and academic content.

Sandra Dop of the Iowa Department of Education calls this vision a "CBE utopia."

"CBE" stands for competency-based education, and while states may never reach or even want to reach this "utopia," the idea of providing more pathways and individualized instruction to students is gaining more interest among state leaders.

"We live in a competency-based world," Dop said during a July 14 session of the Midwestern Legislative Conference Education Committee. "Nobody cares what you know. ... They care about what you can do with what you know."

In 2012, the Iowa legislature passed a bill (SF 2284) eliminating the credit hour as the sole basis for students to earn credit toward a high school degree. Local educators can instead offer the opportunity to advance toward a



South Dakota Rep. Jacqueline Sly, MLC Education Committee co-chair, presides over the group's July session.

degree via a competency-based model of instruction.

For example, one student may advance quickly through Algebra I and move on to the next skill, while a peer would be given more time and help.

Earlier this year, Iowa further advanced the use of CBE with passage of HF 215, under which up to 10 schools will receive grants to incorporate the model.

In Ohio, a state credit-flexibility plan allows students to earn credits outside the classroom — through internships, community service, or online or independent study.

In Michigan, seat-time waivers are given to schools that provide access to online learning or blended instruction (a mix of online learning and face-to-face interaction with a teacher).

At the committee meeting, Ohio Sen. Peggy Lehner said she is hearing from more local educators who believe adding a fifth year of high school for some students would improve graduation rates and college and career readiness.

Michael Cohen, head of nonprofit educational group Achieve, said such ideas are an implicit part of CBE.

"But don't merely add time and costs," he said. "Find efficiencies [such as earlier graduation] as well."

Brief written by Tim Anderson, who can be reached at tanderson@csg.org. The staff liaison to the Midwestern Legislative Conference Education Committee is Mike McCabe, who can be reached at mmccabe@csg.org. The committee's co-chairs are Illinois Sen. Michael Frerichs and South Dakota Rep. Jacqueline Sly.

Midwest-Canada

Modernizing border operations, infrastructure key to thriving two-way trade, lawmakers told

The relationship between Canada and the Midwest is based not only on imports and exports of finished goods, but also on making things together. This was the message delivered in July to the Midwestern Legislative Conference's Midwest-Canada Relations Committee by Laura Dawson, the president of an Ottawa-based consulting firm.

Each of the Midwest's states sells more goods to Canada than to any other country in the world, Dawson said: On average, more than one-third of the goods produced in the region's 11 states are sold to Canada. In 2012, two-way trade between the four provinces that are affiliate members of the MLC (Alberta, Manitoba, Ontario and Saskatchewan) and the 11 states totaled more than \$210 billion.

In many industries, cross-border supply, or value, chains have been created so that multiple companies on both sides of the border work on a single product before it reaches a consumer.



Saskatchewan MLA Wayne Elhard, co-chair of the Midwest-Canada Relations Committee, reviews a document at the MLC Annual Meeting.

Colin Robertson, vice president of the Canadian Defence and Foreign Affairs Institute (a speaker at previous MLC meetings), recently noted that 40 percent of products with a "made in Canada" label actually have U.S.-made content. Conversely, the international suppliers whose components add the most value to U.S. products are most likely to be Canadian.

Efficient border operations are essential to keeping these value chains operating, particularly because just-in-time delivery has become an important part of controlling inventory costs. While border management is largely a federal responsibility, states and provinces have a role to play as well — for example, maintaining roads and bridges that make access to the border easier.

State and provincial officials can also continue to encourage border-modernization efforts, such as trusted-shipper and -traveler programs and the preclearance of shipments.

Cross-border value chains are most often thought of as being part of the manufacturing sector, but they are an integral part of other industries. The Midwest's livestock industry is a case in point: Animals can be born in one country, raised in the other, and then sent back over the border for slaughter and processing,

Recognizing the industry's integrated nature, the committee passed a resolution asking the U.S. Congress to rework the U.S. Department of Agriculture's recent mandatory country-of-origin labeling requirements.

Brief written by Ilene Grossman, staff liaison to the Midwestern Legislative Conference Midwest-Canada Relations Committee. She can be reached at igrossman@csg.org. The committee's co-chairs are Kansas House Speaker Ray Merrick and Saskatchewan MLA Wayne Elhard.

Midwest's legislators adopt 9 resolutions at Annual Meeting

The Midwestern Legislative Conference adopted nine policy resolutions in July on the last day of the group's four-day Annual Meeting. Through the resolutions process, the region's legislators provide a voice for the region and its 11 states, as well as state government, on important national and international issues.

This year, most resolutions were first heard and considered by one of the MLC's five policy committees. They were then reviewed by the MLC's bipartisan Resolutions Committee, which includes lawmakers from around the region, before finally being considered by all state legislators who participated in this year's meeting. Here is a summary of the resolutions passed this year. They can be viewed in full at www.csgmidwest.org.

MLC calls for bridge funding, greater focus on water quality and changes to labeling rules

Three resolutions came from the MLC's Midwest-Canada Relations Committee.

- In voicing its support for the New International Trade Crossing between Detroit and Windsor, Ontario, the MLC requested that the federal government appropriate funds to build a new U.S. customs plaza. Such funding is needed so that work can begin on the bridge.
- In a second resolution citing a rise in pollutants in cross-border waterways, legislators called for new or improved water-quality initiatives that enhance cooperation among all levels of government.
- A third resolution expressed concerns about mandatory country-of-origin labeling requirements and their costs to producers and consumers. The MLC asked the U.S. Congress to develop a solution that recognizes the integrated, cross-border nature of livestock production in the Midwest.

Legislators urge congressional action on farm bill, harbor dredging and lifting of trade restrictions with Cuba

Five resolutions originated from the MLC's Agriculture and Natural Resources Committee.

- State lawmakers called for passage of federal legislation guaranteeing that money from the Harbor Maintenance Trust Fund is used only for its intended purpose: to dredge and maintain coastal harbors, including those in the Great Lakes.
- The MLC voiced its support for farmer- and community-owned renewable energy projects, noting their value to the rural Midwest's economy.
- The region's state lawmakers urged the U.S. Congress to complete work on a new farm bill, saying a failure to act would harm consumers and producers.
- Noting the opportunity for increased markets for the Midwest's agricultural products, the MLC voiced its support for lifting trade, financial and travel restrictions with Cuba.
- The MLC expressed concerns about the declining population of bees and bats, both of which are essential pollinators for agriculture, and encouraged states to pursue policies that provide these species with habitat and forage areas.

A final resolution affirmed the MLC's support for close relations between Taiwan and the Midwestern states, and for Taiwan's participation in several international organizations.

In swing states like Minnesota and Wisconsin, small election wins now translate into big policy shifts

When people are being encouraged to cast their ballot on Election Day, you often hear the phrase, "Every vote counts." That old phrase is quickly turning into a literal truth — with huge policy implications — and just maybe, it's also a way out of political gridlock in the nation's capital.

Larry Jacobs, a professor at the Humphrey School of Public Policy and Affairs at the University of Minnesota, told attendees of this year's Midwestern Legislative Conference Annual Meeting that party politics has changed dramatically over the past four decades.

"If you go back to the late 1960s period where there was a lot of bipartisanship, it was a very different political party system in which there was an emphasis certainly on holding party principles, but also on winning the general election," Jacobs said as part of an MLC plenary session.

"That was the focus: Selecting a candidate for your district who could win over that centrist voter. The policy motivation in that kind of party system was finding common ground."

Jacobs told state lawmakers that party rules changes in the 1970s made it easier for activists to become major forces in the recruitment and nomination process. Today, candidates must stick closely to party lines to secure a nomination.

"We've got well over 90 percent of the electorate who are Democrats voting for Democratic candidates (this is looking at presidential elections), and well over 90 percent of Republicans are voting for Republican candidates," Jacobs said. "This was not always the case."

At the state level, one consequence of these political changes is that razor-thin election victories can result in dramatic policy shifts.

Jacobs used two states in the Midwest — Minnesota and Wisconsin — as a case in point.

Both states have similar demographics and have traditionally shared much in common politically, but over the past few years, they have gone in completely opposite directions in terms of public policy.

Gov. Scott Walker's victory and close GOP wins in key legislative races gave Republicans control of state government in Wisconsin. Similarly, Democrats hold power in Minnesota thanks in part to Mark Dayton's narrow victory in the governor's race of 2012.

A few thousand votes, Jacobs noted, have led to very different policy decisions in the two states.

"Small electoral outcomes, big policy decisions,"



University of Minnesota professor Larry Jacobs addresses state and provincial lawmakers who attended this year's Midwestern Legislative Conference Annual Meeting. He spoke about how changes in party and election politics have impacted state governments — for example, how and why narrow election wins result in major policy changes by the victorious political party.

he said. "Taxes — completely opposite directions. Unions — opposite directions. Health care reform in one state, but not in the other. Education spending moving in one direction in one state and moving in the opposite direction in the other. Social issues — Minnesota just approved gay marriage, and Wisconsin is approving more restrictions on abortions."

At the federal level, the consequences of political polarization have not been so much swings in public policy, but rather gridlock.

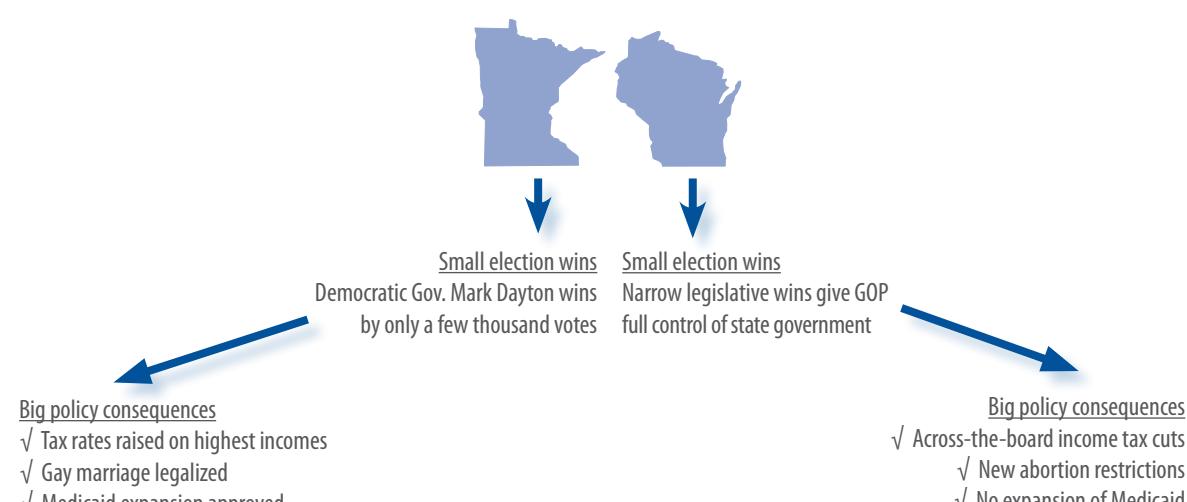
Will these trends continue, or will there once again be a push to win over centrist voters?

Jacobs said he believes the national political parties are already beginning to rethink their strategies — for example, Republicans could soften their stance on immigration to gain support from centrist and Hispanic voters.

"In 1984, Republicans won the Latino vote," he said. "As recently as 2004, George W. Bush did quite well. There is a way for Republicans to do well among Hispanics; they don't need to win them. A lot of these votes are small percentage shifts, and that really opens it up. I think it's a very interesting future and maybe a way out of some of this polarization."

Article written by Jennifer Ginn, associate editor for The Council of State Governments. She can be reached at jginn@csg.org.

Why elections matter: Case study of Minnesota and Wisconsin



Moral electromagnet pulls people apart, and can cause political incivility and demonization

divisions can be, Haidt described three principles of moral psychology and how they apply to politics.

Inside our moral and political minds

The first of these three rules is this: Intuitions come first, strategic reasoning second. In other words, we follow our gut feeling, and then search for evidence to support it.

"This has enormous consequences for political civility and legislative institutions," Haidt said. "People believe what they want to believe."

A second principle of moral psychology, Haidt said, holds that there is more to morality than harm and fairness. And when it comes to political ideology, differences in moral foundations play a critical role, as confirmed in surveys of liberals and conservatives.

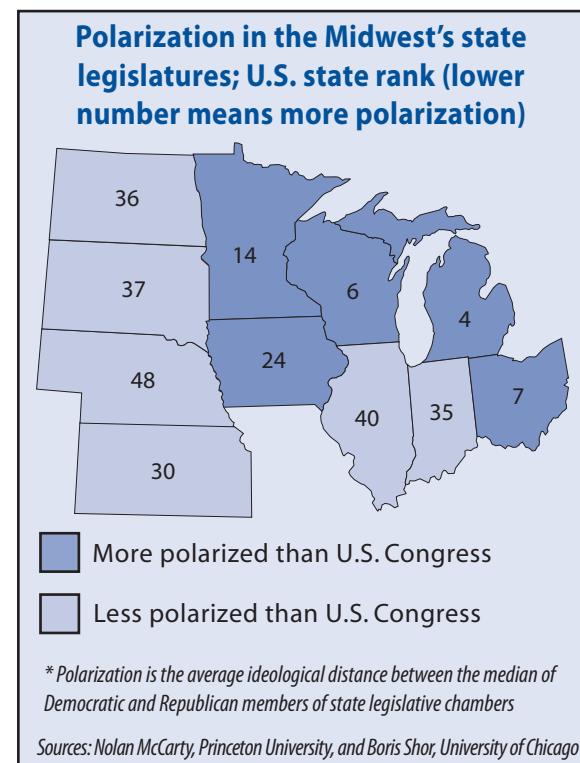
For example, liberals build their moral matrix on three moral foundations: care, fairness and liberty. Care plays the dominant foundational role. But for conservatives, factors such as economic liberty, deference to authority, loyalty and sanctity all rise above care and compassion.

So as parties have become more ideologically rigid and consistent, political races and legislative debates are about much more than who wins and loses, or which bills pass and which don't.

"It's become more of a moral sort," Haidt said.

That leads to the third principle: Morality binds and blinds. Sharing similar moral foundations, and political outlooks or religious beliefs, brings people together.

Haidt referred to it as a "moral electromagnet," one that not only binds people together but can also rip them apart. This electromagnet tends to make every struggle about absolute good vs. absolute evil, blinding us to the idea that good people can disagree about politics and religion.



This electromagnet "has been cranking up" since the 1980s and 1990s, he said.

Strategies to maintain civility

With these forces at play, how can legislators preserve civility in our nation's political institutions?

Professor Squire emphasized the importance of setting and adhering to a code of conduct and a set of institutional rules for members to follow. For centuries, he said, rules of democratic institutions have tried to foster respect and congeniality among members, precisely to tamp down passions and partisan strife.

When rules are broken, he said, legislatures tend to break down as well.

"It's when regular procedure is abused or violated

or changed arbitrarily, and also when the opposition feels stifled — when they feel like they don't have the opportunity to express themselves," said Squire, a professor at the University of Missouri and leading expert on the history of U.S. state legislatures.

He worries that today, too many elected officials are focusing more on short-term political victories and less on the long-term health of legislative institutions.

During the MLC panel discussion, Paul Hillegonds, a former longtime Michigan lawmaker and legislative leader, mentioned several other worrying trends: changes in media coverage and electronic communication, the onset of term limits, and redistricting and its impact on the rise of intense political primary races.

But Hillegonds also offered hope in his remarks to legislators.

He recounted how, as a first-term legislator, his outlook on his legislative tenure and his legislative colleagues was forever changed for the better by taking part in a series of bipartisan seminars on tax policy. Through those seminars, he said, participants not only better understood public policy; just as important, they got to know, respect and like each other.

"You can't create enough opportunities for legislative colleagues to learn together," he said.

Later on, he served as co-speaker of the Michigan House when powers had to be shared among the parties. Instead of gridlock, Hillegonds said, members from both parties found a way to compromise and work together. Committee co-chairs, for example, forged trusting relationships and established shared agendas.

"It's worth taking a risk to share the creation of agendas," Hillegonds said of the lessons learned from the experience. "Not all the best ideas rest with one party in the majority or minority. Anything we can do as legislators to open up our agendas to different ideas, I think, realizes the best of legislative institutions." *

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Budget outlook: Revenues improving, but plenty of reason for fiscal caution

States are back to pre-recession spending levels, rainy-day funds and other reserves are being replenished, and multiple years of cutbacks in state and local government workforces have come to an end.

These trends, Scott Pattison said during a meeting of the Midwest's fiscal leaders, are all signs that states have weathered one of the most trying budget periods in generations.

"We're in a slow, slog [economic] recovery," he said during a presentation at the Midwestern Legislative Conference Annual Meeting.

The slowness of that recovery is one reason he suggested caution to the region's state legislators as they set fiscal agendas in the years ahead.

Since 1993, average growth in state general funds has been close to 6 percent. Over the past four years, even though revenue collections are on the rise, state spending growth averaged 4 percent, significantly below the long-term average. (General-fund spending actually fell in fiscal years 2009 and 2010, an almost unprecedented occurrence.)

"We're growing, but not at levels that we're used to," Pattison said.

Another reason for caution is the continued uncertainty over policy and fiscal decisions at the federal level — an ongoing problem for states trying to develop strategic, multi-year budget plans.

States have a huge stake in what happens in the nation's capital: Nearly one in three dollars spent by states comes from federal funds. That is already down from the highs reached after passage of the American Recovery and Reinvestment Act, and the specter of further budget cuts remains a possibility.

Thus far, states have largely been spared thanks to provisions exempting certain programs from cuts under the federal budget sequestration. About 82 percent of federal funding for states falls into programs exempt from the sequester's automatic budget cuts.

"We don't know what kind of cuts, if any, we are going to get from the federal government [in the coming fiscal year]," Pattison said.

What seems increasingly clear, though, is that state spending will be concentrated more and more in three areas: Medicaid, K-12 education and higher education.

These three line items already account for 65 percent of state general-fund spending, and Pattison said policymakers have made budget policy decisions in recent years to increase that percentage even more.

"Are we going to be getting rid of general-fund funding in other areas?" Pattison asked.

He noted, for example, that a few state legislatures outside of the region have chosen to eliminate general-fund expenditures for their state parks, instead relying on user fees or other sources.

With the fiscal crisis now over, too, states are facing perennial budget questions about how much to spend, how much to save, and how much to return to taxpayers.

This year in the Midwest, one trend has been to cut income tax rates; legislatures in Indiana, Kansas, North Dakota, Ohio and Wisconsin all did so.

Signs of improved state fiscal conditions	
Measure	Trend
Year-to-year changes in general-fund spending	In FY 2010, spending declined 5.7%; in FY 2013, it rose 4.0%
End-of-year fund balances and reserves	In FY 2010, end-of-year fund balances fell to 2.4% of total expenditures; they rose to 5.0% in FY 2013
Mid-year budget cuts enacted by governors and legislatures	In FY 2010, 39 states made cuts totaling close to \$40 billion; in FY 2013, only 11 states made such cuts totaling a little more than \$10 billion
<i>Source: National Association of State Budget Officers, "Fiscal Survey of the States" (spring 2013)</i>	

How much should states be saving in reserves? At the height of the recession, end-of-year fund balances had dipped to 2.4 percent. They have since risen to 5 percent — a level that has traditionally been considered a healthy supply of reserves. But Pattison said this conventional wisdom is now being questioned in the light of the recession and the continuing volatility of state revenue sources such as income and capital gains taxes.

"Five percent didn't do it in the last recession, so I think you are seeing some states thinking about going up to as high as 10 percent," he said. ➤

Article written by Tim Anderson, publications manager for CSG Midwest. He can be reached at tanderson@csg.org.

Workforce development: Rapid changes require nimble higher-ed system

Does America have a skills gap problem, in which students don't have the particular skills employers need to fill the jobs they have?

Your answer to that could depend upon whether you are talking to an economist or somebody in higher education. Either way, they both agree there is work to be done to get students prepared for the modern workplace.

Kevin Hollenbeck, vice president and senior economist at the Upjohn Institute for Employment Research, told Midwestern Legislative Conference attendees that he doesn't think a skills gap exists. He was one of the featured speakers at a plenary session on workforce development at the Midwestern Legislative Conference Annual Meeting.

"The law of economics has not been repealed," he said. "If there were excess demand in employment, we would be seeing wages go up."

"There's almost no evidence of wages going up anywhere.... There's undoubtedly a skills gap in certain sectors like health care.... [But] studies suggest if the skills gap was totally done away with and we could match every vacancy [with a worker], the drop in the unemployment rate would be about one point."

Mary Rothchild, the director of strategic partnerships and workforce development for the Minnesota State Colleges and Universities System, provided lawmakers with a different perspective.

In 2012, the system's chancellor, Steven Rosenstone, began a workforce-alignment initiative to make sure higher education in Minnesota

was producing the types of employees that companies in the state needed.

Fifty-five meetings were held with participation by 1,400 people from nine key industry sectors in the state.

Employers told university officials that they had many jobs waiting to be filled by qualified candidates. These business leaders also helped the university system identify which professions were high-growth, high-demand areas.

"In these cluster areas," she said, "we're starting to focus our educational programming.... We're starting new programs in manufacturing, health care and new technical fields. That's been a very tangible result we've undertaken in connection to this research."

Although there may be certain skills in demand, Hollenbeck said, employers are mostly having trouble filling those positions because they are unwilling to train new employees or pay the type of salary that highly skilled workers demand.

"I think more training and some kind of wage increase will solve the skills gap," he told legislators.

Toby Madden, regional economist for the Federal Reserve Bank of Minneapolis, said one challenge for state policymakers is trying to address rapid changes in the type of skills that workers and businesses need in today's job market.

"Where are the demands happening, and let's try to supply those and get those skills readily available so the marketplace can absorb them," Madden said.

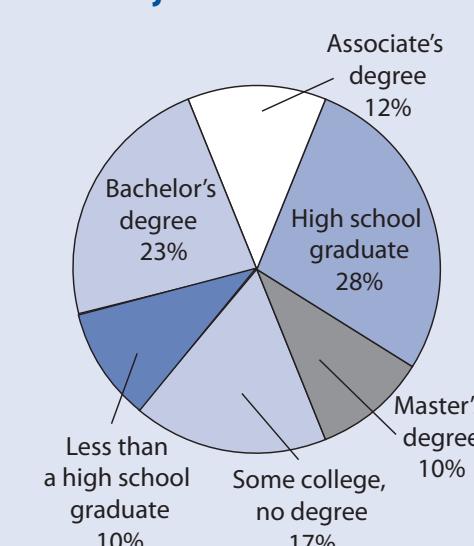
"I would argue that the success of the United States economy is that we do adapt to those changes in the marketplace. We are highly productive, and we reap those benefits through a higher standard of living."

Rothchild agreed that higher education must keep changing to meet the rapid changes taking place in the workforce.

"The challenge in higher education has been to adapt our curriculum and our course design to meet the upcoming challenges of the next generation of learners," she said. "While it may not be a skills gap in the labor market per se, I do think it's incumbent on higher education to be adept and adroit in understanding the future of the labor market." ➤

Article written by Jennifer Ginn, associate editor for The Council of State Governments. She can be reached at jginn@csg.org.

Expected educational requirements for jobs in U.S. in 2018



*According to the National Center for Higher Education Management Systems, in the Midwest, the percentage of a state's 25- to 34-year-olds with an associate's degree or higher ranges from a high of 50.8 percent in North Dakota to a low of 36.1 percent in Indiana.

Source: Georgetown University Center on Education and the Workforce

Bumps in the road: Hard to find consensus on plans to fund transportation

This year, roughly half the nation's state legislatures considered significant changes in transportation funding — through raises in gas taxes, for example, or the use of new revenue streams.

But as of July, very few states had actually taken action, Sean Sloane, a transportation specialist for The Council of State Governments, said during a session of this year's Midwestern Legislative Conference Annual Meeting. Gas taxes were raised in Vermont and Wyoming, and in Virginia, lawmakers eliminated the current gas tax while adding a wholesale fuel tax and raising sales taxes.

For the most part, though, states still appear to be in a similar position — a realization that current transportation funding does not meet the state's infrastructure needs, but a lack of legislative consensus or public support on how to close the gap.

"There is a business case to be made about the interconnectivity of infrastructure investments and how critical they are for commerce, employees and citizens," Charles Zelle, commissioner of the Minnesota Department of Transportation, said to lawmakers who took part in the MLC's roundtable discussion.

"And we need to do a better job of telling that story, and how we keep a state competitive — not just with our neighbors — but competitive globally with other economies that are flourishing."

In Minnesota, a recent transportation study found that over the next 20 years, the state's infrastructure needs will total \$30 billion. Existing federal and state funding from gas and motor vehicle sales taxes, as well as registration fees, are expected to provide only \$18 billion.

How will the state close that gap?

The Minnesota committee that conducted the study (the Minnesota Transportation Finance Advisory Committee, which Zelle helped lead) released recommendations late last year.

Its ideas centered on gradually increasing revenue from the state's existing sources for transportation projects — for example, increase revenue from motor vehicle fees by 10 percent, raise the gasoline excise tax by 40 cents per gallon over the next 20 years, and expand options for local governments to increase sales taxes.

The committee's final recommendations also suggested exploring options such as more tolling and dynamic pricing (adjusting toll rates based on levels of congestion), new public-private partnerships for certain road projects, and the monetization of state assets to raise more revenue.

Zelle suggested, too, that lawmakers seek to make their existing roadways and transportation systems operate more efficiently, thus limiting the need for more capacity. Examples of this approach include pairing roadways with transit systems and investing in technology to expand alternative ways to meter and manage lane flow.

"The arguments toward a more robust transportation system are as much about being smart about the resources we do have as well as being clear about what it takes to invest and get the performance that we all want," he said.

Zelle said his job as DOT commissioner is to

State	Gasoline		Diesel	
	Excise tax	Total*	Excise tax	Total*
Illinois	19.0	39.1	21.5	44.5
Indiana	18.0	38.9	16.0	49.8
Iowa	21.0	22.0	22.5	23.5
Kansas	24.0	25.0	26.0	27.0
Michigan	19.0	39.5	15.0	38.7
Minnesota	28.5	28.6	28.5	28.6
Nebraska	26.3	27.2	26.3	26.6
North Dakota	23.0	23.0	23.0	23.0
Ohio	28.0	28.0	28.0	28.0
South Dakota	22.0	22.0	22.0	24.0
Wisconsin	30.9	32.9	30.9	32.9

* In addition to excise taxes, other state taxes and fees on gasoline and diesel include sales taxes on motor fuel purchases, fees for underground storage tank fees, and environmental and inspection fees.

Source: American Petroleum Institute

make people aware of the need for transportation investment. To that end, his department has sought and received help from the marketing departments of some of Minnesota's major companies to learn how to communicate the state's infrastructure needs from a consumer perspective.

During the roundtable discussion, lawmakers explored a range of transportation issues, including funding options. Indiana Rep. Ed Soliday said people have an increasingly lower tolerance for user fees such as the gas tax. In the future, he said, this could mean that states have to fund a majority of their transportation needs through general-fund revenue. 

Article written by Laura Kliewer, senior policy analyst for CSG Midwest. She can be reached at lkliewer@csg.org.

Meacham describes art of power through leadership of America's presidents

When Thomas Jefferson became president in 1800, he embodied the belief that Washington, D.C., should play as small a role in the country as possible.

"Mr. Small Government" is how Pulitzer Prize-winning author Jon Meacham described Jefferson in a July speech to the Midwest's legislators. By the end of his first term in office, without any changes to the U.S. Constitution, Jefferson had doubled the size of the country with the Louisiana Purchase. 

How did this happen under the leadership of a strict constitutional constructionist like Jefferson?

In large part, Jon Meacham said in his talk at the Midwestern Legislative Conference Annual Meeting, it occurred because Jefferson was a master of "The Art of Power" (the title of Meacham's recent award-winning biography of the third president).

"He was not going to let ideological purity ... stand in the way of what he thought was going to serve his principal interest, which was the strength and security of the country," Meacham said to lawmakers.

"Was he a hypocrite? Absolutely. Was the country better off because he was a hypocrite? Absolutely."

Using examples of some of the nation's most

beloved presidents of the past, Meacham provided lawmakers with insights on what the lessons of U.S. history tell us about strong and effective leadership.

"Even the greatest American political leaders — literally the folks on Rushmore, the people we think of as the absolute ideal of political leadership and public service — were, in their time and in their hour, a whole lot more like we are than we might like to think," Meacham said.

They were practical politicians, he added, willing to sacrifice ideology for a commitment to an overarching principle.

In the case of Jefferson and the other Founding Fathers, that overarching principle was survival of the country that they had created — a nation they believed was the world's best hope for human liberty.

"They were devoted to the principal vision of the country, but never let the qualms about the means of accomplishing their ends get in the way," he said. "These were constantly practical people. If they hadn't been, we'd be living in a very different world."

The Louisiana Purchase is just one example.

Thirty years later, the adamantly states'-rights president Andrew Jackson helped preserve the union by successfully navigating the country through the Nullification Crisis of 1832.

"The greatest American political leaders ... were, in their time and hour, a whole lot more like we are than we like to think."

Jon Meacham

The art of power, Meacham said, is essentially not letting the perfect be the enemy of the good.

A century later, the "perfect" for Franklin Roosevelt would have been an early declaration of war against Germany, but he knew he couldn't lead an isolationist-minded country into the conflict.

Twenty years later, the pragmatism of John F. Kennedy helped avert a nuclear holocaust.

"I think it would lower everyone's blood pressure a bit if they understood that we have not fallen from some ideal," Meacham said, "that reality, pragmatism and compromise are perennial and eternal elements in the art of being American." 

Article written by Tim Anderson, publications manager for CSG Midwest. He can be reached at tanderson@csg.org.



Pulitzer Prize-winning author Jon Meacham talks to the region's state legislators about the integral role of political pragmatism and compromise in the nation's history. His speech focused on leadership lessons from the presidencies of Thomas Jefferson, Andrew Jackson and others.

Nebraska Sen. Beau McCoy



Lawmaker has a passion for supporting small business and agriculture, and is working to achieve state's first major tax reform in decades

by Kate Tormey (ktormey@csg.org)

Nebraska Sen. Beau McCoy has spent his life and career so far walking the line between the needs of rural and urban areas.

He grew up in a rural area on the Colorado-Nebraska border, where he helped run a cattle ranch that has now been in the family for five generations. The family lived in a sod ranch house and did day-to-day work on horseback.

But as a young adult, McCoy moved more than 400 miles east to Omaha, where he is raising a family and helping operate a family construction business.

"Business — whether it be manufacturing, banking or insurance — is very important to our state's economy, but agriculture is still king," says McCoy, now in his second term in the Unicameral Legislature.

"It is really important to know what we are doing for small business in our state, but also what we are doing for agriculture — because sometimes those interests are different. We'd like to make them coexist to the degree we can, but that is easier said than done."

Early interest in public service

McCoy says he was mature from a young age, in part because he was the oldest of five children born within four years, including triplet brothers. McCoy says this family dynamic helped him hone his consensus-building skills early in life.

"I got used to people always asking questions, which isn't bad for politics," he says. "And I got comfortable in my own skin, which is a must for politics."

McCoy was also raised with the belief that one should give back to the community. He started reading the newspaper at a young age, and never missed the "NBC Nightly News." By about age 8, he was volunteering for political campaigns.

Those early goals and experiences proved helpful for McCoy when he ran for the Legislature in 2008.

McCoy and his wife, Shauna, are now the parents of four children ranging in age from 3 to 10, and the couple strongly believes in instilling in their children a respect for public service. In fact, their oldest daughter has already expressed an interest. She is being mentored by a former Nebraska state senator, now U.S. Sen. Deb Fischer.

"This is a calling. We are called to serve our communities, our states and our country," he says. "... That is a very vital lesson for our kids to learn: To whom much is given much is required."

Fischer was one of the people who first encouraged McCoy to attend the Bowhay Institute for Legislative Leadership Development, a training institute for newer legislators sponsored by the Midwestern Legislative Conference. (CSG Midwest provides staffing services to the MLC).

Just four years after he graduated from the BILLD program, McCoy is now serving as the MLC's vice chair, and he will preside over the organization's 2014 conference next July in Omaha.

"It is exciting for me because it's a great way to showcase not just the Unicameral, but the bipartisan nature of what we do," he says. "To me, that fits hand in glove with what we do at CSG."

Bio-sketch of Sen. McCoy

- ✓ **first elected to the Nebraska Legislature in 2008, re-elected in 2012**
- ✓ **raised on a cattle ranch on the Colorado-Nebraska border**
- ✓ **holds a bachelor's degree from Bellevue University**
- ✓ **graduate of CSG's regional and national leadership programs (BILLD and Toll Fellows)**
- ✓ **current vice chair of the Midwestern Legislative Conference; as the 2014 MLC chair, will preside over the Annual Meeting from July 13-16 in Omaha**
- ✓ **in line to be CSG's national chair in 2016**

McCoy was recently nominated by the MLC's Executive Committee to enter the rotation for the chairmanship at CSG's national level. He is poised to become CSG's national chair in 2016 and the first national chair from Nebraska since 1944.

It's all a lot for a husband, businessman and father of four to juggle — and makes for many early mornings and late nights. But McCoy and his wife believe that this example of public service will be a positive influence on their four children.

"We have three daughters, and they like to be princesses in the parades," he says with a laugh. "For now they think it is cool, but we will see if down the road that might fade."

CSG Midwest spoke with McCoy in July; here are some excerpts from that interview.

Q: You and your brothers started your first business when you were a sophomore in high school. How did that experience get you where you are today?

A: My dad signed a pretty sizable bank note, and my brothers and I bought haying equipment and developed a custom haying operation, which is what put us all through college. I think my parents were very wise. ... They said, "If college is important to you, you guys are going to go earn it. You can get academic or athletic scholarships and work your way through college." We all have at least one college degree. ... All of my siblings and I really understand the value of higher education, literally and figuratively. That work ethic is probably what I carried away more than anything. I don't sit still a lot.

Q: You have been a part of the family business since your teenage years, when your father started a construction firm. How has the experience of being a business owner applied to your work in the Legislature?

A: I learned that trade, but more importantly, I learned about small business and what

it means to our states and the backbone that small business is to our economies. ...

It sobered you up pretty quickly, especially as a young person, to know how many families count on your decision-making. That is a pretty serious thing. So as a business owner, I want to be sure we are not only taking care of our families, but also the employees and other people who depend on us to make wise decisions.

I think that analogy is very important for us in government. We have a lot of people who count on us to make the right decisions. Sometimes those aren't popular decisions. Sometimes they don't make sense to people. But sometimes you have to size things up the way they are, call it like it is, and then pull the trigger on making a decision. I hope that has made me better at both business and government, because while we know that government doesn't necessarily operate like business, there are leadership principles and management principles that are pretty transferable.

Q: You have said that one of your top goals in the Legislature is to achieve tax reform in the state of Nebraska. Tell us more about what you're working on.

A: Good tax policy is something I have been passionate about ... and something that will potentially live on for decades if we can get somewhere in the next couple of years. It is something that really hasn't been reformed in our state in almost 50 years. ...

We are looking at everything. [For example,] what can we do in the area of sales taxes? We have moved, as has most of the country, more to a service-based economy rather than just goods. And there is pretty bipartisan agreement that in Nebraska we have a tax inequity: Our agricultural producers, who really drive our economy, are suffering back-breaking levels of property taxes. We have to get a handle on that. ...

I introduced two bills earlier this session, at the request of the governor, that would have repealed our income and corporate tax. But we figured out there really wasn't a way to compensate for that loss in revenue without picking additional winners and losers.

So we are trying to figure out other ways [to achieve reform]. Can we maybe streamline and go down to a couple of tax rates so we can flatten and expand [the tax base]? ... It has been an eight-month process including hearings across the state, literally for the first time since the 1960s when we instituted the income tax. ...

On a personal note, I am very proud of the fact that we have resisted the urge to expand gambling in our state. It has been a big challenge to protect what we believe is the unspoiled quality of life that we are proud of in our state. Getting some additional tax reform and making sure we preserve that quality of life are hopefully the kind of things that, as I ride off into the sunset from my time in the Legislature, I will be able to say we did and contributed something good. 



Taking up the fight for veterans

Minnesota makes broad effort to help soldiers overcome job, health, financial challenges they face upon returning home

by Minnesota Rep. Bob Dettmer (rep.bob.dettmer@house.mn)

As America's active military presence abroad begins to draw down and our troops come home, the financial and legal environment they face varies greatly from state to state. In Minnesota, our policies toward veterans haven't always been a shining example for the nation.

Before I took office in 2007, I had 20 years of military service under my belt in the U.S. Army Reserve and had built lasting relationships with our state's top military officials, Republicans as well as Democrats. Both of my twin sons are graduates of West Point, class of 2000, and entered our armed forces during a pivotal time in our nation's history, to say the least.

Like the brave men and women I served with during my years in the military, today's armed forces and their families make countless sacrifices that can never truly be repaid. From the perspective of state government, however, I believe we have an obligation to do more.

Developing veteran-friendly policies

With the help of other pro-veteran legislators across party lines, I began looking into how policies we make at the state Capitol can make life easier for veterans.

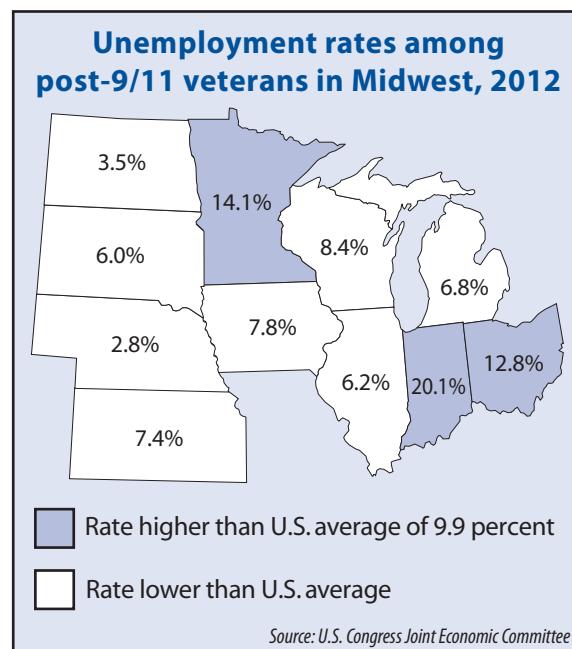
For years, these kinds of laws have been included in politically charged, partisan budget bills that made them hard for many to support. I joined a Democrat from the Minnesota Senate, Sen. Roger Reinert, and we began compiling the first-ever Veterans Omnibus bill (SF 1278/HF 1465), with dozens of provisions and millions of dollars in key funding to isolate these important topics and give them their own "fair shot" in the process.

We teamed up with an existing task force, the Military Action Group, and began meeting regularly during the legislative session. The MAG is a bipartisan coalition that includes representatives from state agencies and veterans service organizations, along with legislators, attorneys and others, working on veteran-friendly legislation.

Many of our soldiers are returning from multiple tours of duty and have significant challenges when they return, including employment, mental health, their military pensions, staying current on property taxes, and of course, senior health care when they grow older. Long term, our soldiers are much more susceptible to health issues and disabilities than the average retiring senior.

The No. 1 issue on the minds of returning vets is jobs. Unemployment for veterans nationally is much higher than the general rate, but particularly in Minnesota, where as recently as 2010 it has exceeded 20 percent.

The reasons for lack of hiring vary. Some businesses worry that a vet may be deployed again while working, but the fact is these workers are very often the most loyal, dependable ones an employer could



hire. Other hiring managers have concerns about the effects of combat stress, such as post-traumatic stress disorder. Regardless, neither of these concerns are legal reasons to deny employment, so states have to do a better job of informing companies about discrimination protections already in place for veterans.

Minnesota has the opportunity to fill in funding for training where the federal government falls short. We successfully passed funding for safety personnel training and grants to local governments for "de-escalation training," which teaches law enforcement how to handle high-stress situations with our veterans.

Vets are at risk of suffering physical and psychological aftereffects from traumatic experiences that can culminate in injury to themselves, their families, and public safety/law enforcement personnel. With this in mind, several lawmakers took on the difficult task of crafting legislation that would promote veteran hiring from multiple angles and finding co-authors.

One bill provided tax credits for businesses that hire a veteran, ranging from \$500 for any kind of veteran, to \$1,500 for an unemployed veteran, to \$3,000 for a disabled veteran. The tax revenue

from putting our 30,000 unemployed vets back to work would more than cover the upfront cost to the state.

But not all good policies have to be executed at the state level. For instance, our final budget package that passed into law last month contains funding for veterans service officer grants at the county level, where vets can access job services locally at a lower cost to taxpayers.

We targeted homeless veterans, a lesser-understood group, through funding legislation for the Minnesota Assistance Council for Veterans, a group that would provide outreach to vulnerable vets in danger of becoming homeless. Providing services to these individuals

early on, rather than waiting for them to develop other costly health and substance-abuse problems down the road, results in long-term savings for taxpayers.

Another idea spearheaded by several legislators was to incorporate veteran hiring incentives into the contracts of large, public building projects, such as the \$1 billion Minnesota Vikings football stadium that will be constructed over the next four years.

Easing mortgage, tax burdens

While our soldiers are serving abroad, many of them face challenges keeping up with mortgage payments or property taxes, so we set out to change state law to require that lenders provide proper notice and that local governments allow an extended time frame for owed taxes to be paid upon the soldier's return. The second provision was signed into law by our governor last month.

Many veterans reach their military retirement with many long years of life ahead of them. The pension income these retirees receive is an important lifeline for supporting themselves and their families, but is unfortunately still subject to income tax in Minnesota and a handful of other states.

Addressing this unfair taxation is discouraging retiring vets from settling in Minnesota and was a top priority for our Military Action Group this year. We offered several bills to exempt military pensions from income taxes, but they did not prevail this year. The authors remain dedicated to making this important change to our tax code in the future and inviting thousands more veterans and their families to our great state.

After retirement, many veterans require long-term care at safe, stable facilities that are increasingly crowded and underfunded. We secured funding to finish the Minneapolis Veterans Home using some state money to trigger significant federal funding in a joint project. Baby boomers nationwide will drive more demand for care facilities in the years to come.

Veterans issues bridge many traditional partisan and regional divides that other issues face. All of us know a veteran who could benefit from state policy changes — changes that take resolve and coalition building to accomplish. ➤

Rep. Bob Dettmer, a Republican from Forest Lake, was first elected to the Minnesota House in 2006.

Submissions welcome

This page is designed to be a forum for legislators and constitutional officers. The opinions expressed on this page do not reflect those of The Council of State Governments or the Midwestern Legislative Conference. Responses to any FirstPerson article are welcome, as are pieces written on other topics. For more information, contact Tim Anderson at 630.925.1922 or tanderson@csg.org.

MLC Annual Meeting attracts state, provincial legislators from across Midwest; attendance tops 600

With Rep. Alice Hausman leading her host state's efforts, members of the Minnesota Legislature welcomed legislative colleagues from 10 Midwestern states and four Canadian provinces in July to their capital city of St. Paul.

In all, more than 600 people attended this year's Midwestern Legislative Conference Annual Meeting, making it one of the most highly attended events in the organization's nearly 70-year history. Rep. Hausman, chair of the MLC, presided over the meeting.

This year's event covered a wide range of policy issues, and many of the sessions are covered in this edition of *Stateline Midwest*. The MLC's policy committees met on the first day of the conference (see pages 2 and 3). Other session highlights included:

- a keynote session on the root causes of political polarization and strategies to foster legislative civility (see cover story);
- a look at state fiscal trends (see page 6);
- a speech on leadership by Pulitzer Prize-winning historian Jon Meacham (see page 7);
- a roundtable discussion on state transportation policy and funding (see page 6);
- an examination of workforce-development needs and strategies (see page 6); and
- a panel discussion on the economic and political factors impacting the region's state governments (see page 4).



Minnesota Rep. Alice Hausman, chair of the Midwestern Legislative Conference, addresses fellow legislators who attended the MLC Annual Meeting.

The meeting concluded with a professional-development workshop for legislators on "The Art of Public Speaking." This year's two luncheon presentations featured an inspirational talk by pre-eminent polar explorer (and Minnesota native) Ann Bancroft and a look at the secrets of success of the world-renowned, Minnesota-based Mayo Clinic.

State legislators who attended this year's meeting also approved nine policy resolutions (see page 4).

Next year's MLC meeting will be held July 13-16 in Omaha, Neb. Every year, the family-friendly event offers a host of activities for the children and adult guests of attendees.

Words of praise from meeting participants

"If you're looking for an intimate and convivial setting, and an opportunity to examine issues unique to the Midwest and national issues from a Midwestern perspective, you won't want to miss the MLC Annual Meeting."

Indiana Rep. Ed Clere

"If you as a legislator can pick just one conference to attend, this is unquestionably it — very well organized, professional and timely. A must."

Wisconsin Rep. Janet Bewley

Photos from the 2013 MLC Annual Meeting



Iowa House Majority Leader Linda Upmeyer and Dan D'Autremont, speaker of the Saskatchewan Legislative Assembly, participate in the MLC Executive Committee meeting.



Three members of the MLC leadership team: Minnesota Rep. Alice Hausman, chair; Nebraska Sen. Beau McCoy, first vice chair; and North Dakota Sen. Tim Flakoll, second vice chair.



Michigan Rep. David Nathan takes part in a plenary session at the meeting.



Minnesota Gov. Mark Dayton and Minnesota Rep. Rick Hansen talk on the final day of the four-day meeting.



Iowa Rep. Art Staed speaks during one of the MLC's policy committee meetings.

The Council of State Governments was founded in 1933 as a national, nonpartisan organization to assist and advance state government. The headquarters office, in Lexington, Ky., is responsible for a variety of national programs and services, including research, reference publications, innovations transfer, suggested state legislation and interstate consulting services. The Midwestern Office supports several groups of state officials, including the Midwestern Legislative Conference, an association of all legislators in 11 states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The Canadian provinces of Alberta, Manitoba, Ontario and Saskatchewan are MLC affiliate members.

Wisconsin Rep. Joan Ballweg elected to leadership team of region's legislators

Joan Ballweg, a five-term legislator from Wisconsin who serves as majority caucus chairperson in the state Assembly, has been chosen by fellow state legislators to join the Midwestern Legislative Conference leadership team.

The election took place in July during a business session of the MLC.

The MLC is an association of all legislators in the region's 11 states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The Canadian provinces of Alberta, Manitoba, Ontario and Saskatchewan are affiliate members.

Rep. Ballweg, a 2007 graduate of the MLC's Bowhay Institute for Leadership Development, is expected to take over duties as the MLC's second vice chair later this year.

She came to the Legislature with decades of community service and business experience, and has since emerged as a key legislative leader in her state on issues related to health care, education and economic development.



*Wisconsin Rep.
Joan Ballweg*

The current MLC leadership team is as follows: Minnesota Rep. Alice Hausman; Nebraska Sen. Beau McCoy, first vice chair; North Dakota Sen. Tim Flakoll, second vice chair; and Ohio Rep. Armond Budish, immediate past chair. Sen. McCoy will take over as MLC chair later in the year, with Flakoll becoming first vice chairman. (A rotation of MLC officers typically takes place every year.)

CSG Midwest provides staff support to the MLC. Programs and services include:

- the Bowhay Institute for Legislative Leadership Development,
- interstate cooperation and information sharing through the MLC's five policy committees,
- in-state professional development training and policy workshops,
- research assistance,
- the MLC Annual Meeting, and
- *Stateline Midwest*.

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CALENDAR

UPCOMING MIDWESTERN LEGISLATIVE CONFERENCE AND COUNCIL OF STATE GOVERNMENTS EVENTS

THE COUNCIL OF STATE GOVERNMENTS 2013 NATIONAL CONFERENCE

September 19-22, 2013
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Contact: Kelley Arnold (karnold@csg.org)
859.244.8258
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69TH ANNUAL MEETING OF THE MIDWESTERN LEGISLATIVE CONFERENCE

July 13-16, 2014
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CAPITOL CLIPS

Minnesota becomes 3rd state in Midwest with a solar energy mandate

Within seven years, **Minnesota**'s investor-owned utilities will have to supply 1.5 percent of their power from solar energy under a measure signed into law in May.

Minnesota joins **Illinois** and **Ohio** — and 15 other U.S. states — with some type of solar energy mandate.

In **Illinois**, the state's renewable portfolio standard includes a solar "carve-out." The standard calls for 25 percent of the electricity consumed in Illinois to come from renewable sources by 2025. Six percent of that renewable energy must be derived from solar power. **Ohio**'s solar mandate is 0.5 percent of total electricity generation by 2025.

Minnesota lawmakers opted for a solar "add-on" rather than a carve-out. The new 1.5 percent requirement for solar energy, the Minneapolis-St. Paul *Star Tribune* reports, is not part of the existing renewable portfolio standard — 25 percent of electricity from renewable sources by 2015.

Minnesota's solar mandate will have to be met in part through small-scale projects, such as the installation of solar panels on homes and businesses. The recently passed bill, HF 729, also includes incentives to purchase solar equipment and install solar panels.

Expansion of DNA-at-arrest laws continues following court ruling

Soon after the U.S. Supreme Court upheld the right of states to gather DNA samples from arrestees, lawmakers in two Midwestern states advanced measures to expand the scope of their collection programs.

A provision in **Wisconsin**'s new state budget (AB 40) requires the DNA of all felony arrestees to be collected. Previously, the state only kept DNA profiles on those convicted of a felony. A DNA-at-arrest measure is also being considered in **Michigan** (SB 105-107); currently, only individuals arrested for committing or trying to commit a violent felony must submit samples.

According to the National Institute of Justice, as of June 2012, seven Midwestern states required the collection of DNA from at least some felony arrestees: **Illinois**, **Kansas**, Michigan, **Minnesota**, **North Dakota**, **Ohio** and **South Dakota**.

In Illinois and Minnesota, the mandate only applies to a subset of felonies. Prior to DNA collection or analysis, too, these two states require an arraignment or judicial determination of probable cause. And if an individual is cleared of the felony charge, the state must initiate the expungement of the DNA profile.

This is not the case in Kansas, North Dakota, Ohio and South Dakota, where DNA samples are collected for all felony arrests.

Laws give motorists option of paperless proof of car insurance

Last year at this time, **Minnesota** stood alone as the only state in the Midwest that allowed motorists to provide electronic proof of auto insurance.

By the end of this year, the use of "e-cards" will likely be authorized in nearly all of the region's states.

According to the Property Casualty Insurers Association of America, such measures have already been signed into law in Indiana, Iowa, Kansas, North Dakota and Wisconsin; as of late July, a bill was awaiting the signature of Illinois Gov. Pat Quinn (SB 1775). "E-card" legislation is also being considered this year in Michigan (SB 91) and Ohio (HB 20).

Under these laws, insurers and consumers still have the option of issuing and using paper versions of ID cards. But individuals will be freed of the need to carry along a paper version; they instead can show proof of insurance via information stored on a smart phone or other device. Insurers, meanwhile, can save costs associated with printing and mailing ID cards.

According to *USA Today*, most states are requiring motorists to show digital cards issued directly by the insurer. Photos of paper cards will not be acceptable, in order to limit the risk of fraud.

Illinois residents get option of registering to vote online

In an effort to cut costs and increase the number of people on voter rolls, **Illinois** lawmakers passed a bill this year allowing residents to register to vote online. HB 2418 was signed into law in June.

As of early May, the Brennan Center for Justice reports, **Indiana** and **Kansas** were among the 18 U.S. states that already had such laws in place.

According to the Springfield *State-Journal Register*, Illinois' online system will require prospective voters to supply their driver's license or state identification number as well as the last four digits of their Social Security number. Processing an online registration will cost an estimated 3 cents, proponents of HB 2418 note, compared to the 83 cents it costs to handle a paper version.

The Brennan Center lists a few other key components of what it calls a "modernized" state voter registration system. One is to register people when they visit a Department of Motor Vehicles facility to obtain or update a driver's license. **Iowa**, **Kansas**, **Michigan** and **South Dakota** are among the states that allow for this type of automated DMV registration.

Iowa, **Minnesota** and **Wisconsin** residents can register, and then vote, on Election Day. In **Ohio**, voters who have moved can cast ballots even if they did not update their registration information prior to Election Day. **North Dakota** is the only U.S. state without voter registration.

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